

Annual Report - California

United States Department of Agriculture
Rural Development
Fiscal Year 2004



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USDA Rural Development in California Hits Record Highs in Program Funding Over \$390 Million committed to the future of rural communities!



- #1 Direct Single Family Housing Program**
- #1 Guaranteed Community Facilities Program**
- #1 Farm Labor Housing Program**
- #1 Housing Preservation Grant Program**
- #1 Business & Industry Guaranteed Program**
- #3 Guaranteed Multi-Family Housing Program**

Our Team is getting the job done, year after year! - We continue to excel. USDA Rural Development managers, specialists and staff in California are demonstrating a deep commitment to rural communities. In 2004, we invested our time, energy and over \$390 million in loan and grant funds to provide a better quality of life for residents in rural California.

More than 1,200 families saw their dream of homeownership become a reality, 1,272 jobs were created and/or saved. USDA-RD helped several communities with critical infrastructure improvements and we provided over 19,000 residents with healthy and reliable water supplies.

Every person on our team in California continues to work hand-in-hand with the many dedicated rural community leaders. Together we are building an improved economic environment in which rural California communities can grow.

Our goals? Improve the long-term living and working conditions for rural families, strengthen rural business financial positions for success and enhance the quality of life throughout rural communities in the great state of California.

PAUL VENOSDEL
State Director

RD California - 2004

- **Single Family Housing**
\$169,833,607
- **Business-Cooperative**
\$93,855,095
- **Community Programs**
\$88,545,661
- **Multi-Family Housing**
\$36,477,287

Secretary Veneman Celebrates Homeownership Month at the California State Capital—June 16, 2004



Housing Display at
Homeowner Month Event

As part of National Homeownership Month, Agriculture Secretary Ann V. Veneman joined Federal, State and local officials in Sacramento for an innovative celebration. Hosted by

USDA Rural Development—California, the event transformed the West Steps of the State Capitol into a colorful, interactive affordable housing fair with eleven self-help housing groups displaying their materials and technology. Veneman highlighted President Bush's commitment to increasing minority homeownership by 5.5 million by 2010. Secretary Veneman spoke to the crowd and visited with self-help housing groups after her remarks.

Hard work and a fine partnership

between USDA Rural Development staff and affordable housing organizations made USDA Rural Development California's Self-Help Program number one in the nation again this year.

"USDA is reinforcing our commitment to work with our housing partners to expand homeownership opportunities for rural individuals and families."

*USDA Secretary
Ann M. Veneman*

Single Family Housing Celebrates Record Year

\$169 million helping over 1400 families



**#1 in Direct Single Family
Housing Loan Program**

- **Single Family Housing**
Self-Help Housing - \$47,411,534
Direct - \$73,886,152
- **Single Family Guaranteed**
\$40,288,730
- **Single Family Repairs**
\$877,418
- **Self-Help Technical Assistance**
\$6,881,617

Most Americans dream of owning their own home. Many are unable to realize that dream because they cannot save the down payment required for conventional (non-governmental insured) loans or their credit is less than perfect. But thanks to USDA Rural Development in California many Americans fulfilled their dream of homeownership.

The record breaking year saw:

- Over \$169 million in single family loan programs
- 1200 very low to moderate-income households become homeowners through the 502 direct and guaranteed lending programs;
- 411 homeowners finance and build their own homes under the self-help housing program; and



New Homeowners join Secretary Veneman for a group photo

- Over 200 single family homes were rehabilitated through the 504 home repair assistance program.

Under the single family housing direct loan program Rural Development makes direct loans for up to 100 percent of the value of the home to low and very low income persons to purchase modest homes. California led the nation in this program with over \$121 million in direct loans to over 900 households, of which approximately 50 percent of these loans were to households participating in the Mutual Self-Help Housing program, in which individuals build their own homes under the guidance of a construction expert.

Hard work and a fine partnership between USDA-Rural

"The Salinas Valley is one of the richest AG areas yet the least affordable regions in the country to live. This creates incredible challenges to make homeownership possible. We couldn't make this happen without the proactive partnership we have with Rural Development."

Denis Lalor
Executive Director
South County Housing

Development staff and affordable housing organizations made USDA Rural Development California's Self-Help Housing Program NUMBER ONE in the nation.

USDA-RD also provided more than \$6.8 million in Technical Assistance grants to assist the self-help applicants in construction training and with building their new homes.

USDA Rural Development is proud of the self-help program

and the dedicated affordable housing industry partners that help make the homeownership "dream come true" for families in rural California.

The single family housing repair loan and grant program assists very low-income and elderly homeowners in rural areas maintain

"Under the leadership of Kevin DeMers, the Yreka Rural Development office increased the housing repair loan/grant program by a whopping 213 percent."

Bob Anderson
Housing Program Director

their homes. The program prevents homes from becoming substandard by providing long-term, low-interest loans and grants to homeowners while they are still repairable. With the energetic staff in the Yreka area office, this program saw a huge increase in the Siskiyou County area.

The guaranteed single family housing loan program helps moderate income families and individuals qualify for home loans with no down-payment requirements, making home ownership possible for many rural residents. USDA guarantees the lender's loan which provides an incentive for lenders to make loans they may not otherwise do. This year, 274 loans were approved totaling over \$40 million. One of the program's top participating lenders, Fox Funding of Red Bluff, closed over \$2.3 million in guaranteed rural housing loans during the past 18 months.

Community Programs provided essential community facilities, updated wastewater systems and better quality water for many rural communities in California

Provided \$88.5 million for infrastructure projects

- **Community Facilities Direct**
\$7,223,200
- **Community Facilities Guarantee**
\$26,331,653
- **First Responder Initiative**
\$31,115,269
- **Water and Wastewater**
\$53,380,035
- **Distance Learning and Telemedicine**
\$437,500

Community Programs provides funding to help build community centers, schools, fire stations, health care centers, libraries, childcare facilities, assisted-living centers, and other essential community facilities. It also provides direct loans and grants to public bodies and non-profit corporations to develop and improve water and wastewater systems serving rural communities.

During FY 2004, USDA Rural Development provided over \$34.7 in community facilities direct loan and grants throughout California for essential community facilities. One area given top priority by the administration was the Rural Emergency Responders Initiative to specifically strengthen the ability of rural communities to respond to local emergencies. The community facilities program funds are used to support rural emergency responder efforts by financing needed equipment and services. These funds are available to public bodies, non-profit organizations, and recognized Indian tribes. \$31.1 million in funding went towards these types of projects.

As part of this Initiative the Kern County Sheriff's department received two grants totaling \$52,875 to strengthen the availability of rural communities to respond to local emergencies. "USDA supports local law enforcement efforts in fighting crime throughout the State, including the sparsely populated areas of the Central Valley, where their efforts are even more challenging," said Paul Venosdel, State Director, USDA Rural Development.



Ceremonial checks presented for 1st responder projects in Kern County.

Children throughout California were big winners with over \$1.7 million provided for new computers in schools, replacement of old playground equipment, and childcare facilities. At one school volunteers from the Navy Sea Bees and the school's maintenance staff

The nice thing about USDA is its ability to assist underserved areas and make a tremendous difference in the lives of children and families."

Wayne Clark
Superintendent

Pixley Union School District



#1 in Guaranteed Community Facilities Loan Program

spent many hours installing playground equipment which was purchased through a \$18,000 grant from USDA Rural Development.



Children at the Home Garden School play on their new playground equipment

The community facilities guaranteed loan program can be used to guarantee up to 90% of a community facilities loan amount. USDA-RD in California led the nation in funding with \$27.14 through this program. One guaranteed loan in the amount of \$18.1 million was approved for the Rancho Mirage Rehabilitation Hospital which is a 50-bed acute rehabilitation center.

A major roadblock in many rural communities' road to development is the lack of adequate water and wastewater services and facilities. USDA-RD recognizes this problem and contributed over \$53 million in loans and grants to 30 rural communities for improving local water and waste management facilities.

Assistance to communities is either provided directly by USDA-RD or by working through local partnerships. During Fiscal Year USDA-RD provided over 19,300 residents with healthy and reliable water supplies.

(Community Programs continued on next page)

Community Programs (continued)

Residents in Mineral, CA are now enjoying safe, clean drinking water after the approval of \$2.2 million in funding to renovate and replace their outdated water system.

The Mineral County Water District had been working with an older rapidly deteriorating water supply system which limited its ability to deliver safe drinking water. The USDA funds were used to replace and upgrade the system, replacing the existing three smaller storage tanks with one larger tank, and expanding the filtration plant to

"This new water system means a good, dependable supply of clear, useable drinking water for the community of Mineral. The red flag days for the water system are gone."

Shorty McCullough
Board President
Mineral County Water District



Old water tank in Mineral, CA

a larger capacity.

The Distance Learning and Telemedicine loan program was designed to network rural schools within regions and link with institutions to share teaching resources, utilizing rural libraries, or other community facilities as distance learning centers. The program also links rural hospitals

and medical clinics to major medical centers, and experts, clinical interactive v i d e o consultation, and distance training of rural health care providers.



Broadband Connections

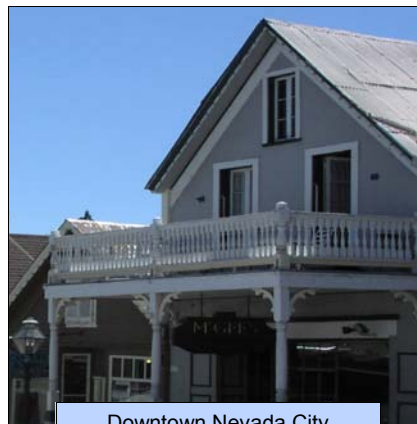
In California the West Hills Community College, which is composed of West Hills College Coalinga and West Hills College Lemoore, was awarded \$447,752 to help finance a student wireless laptop program. Using this system, students can apply to the colleges, get placement testing, work with advisors, register for classes and gain access to library resources. The grant will also help finance a video conferencing system that will connect students with the Huron Community Technology Center.

USDA Rural Development Celebrates 35th Annual Earth Day in Nevada City—April 22, 2004

In recognition of the 35th Annual Earth Day Agriculture Secretary Ann M. Veneman highlighted \$221.5 million in investments to 44 states by the Bush Administration for rural water and wastewater loans and grants to assist rural communities environmental and safe drinking water needs.



Nevada City Wastewater Treatment Plant



Downtown Nevada City

Rural Development in California celebrated with residents in Nevada City, CA for their new \$3.18 million wastewater project. The City of Nevada City owns and operates a wastewater treatment plant that serves a community of

3,000 in the Sierra Nevada foothills. USDA-RD was able to provide a funding package that will allow sufficient funds to complete the project while minimizing the rate impact to the consumer

"We are pleased to see partnerships between federal, state and local officials. The local people have done a great job in organizing, making it possible for their project to be selected. This is a project that is affordable and will be spread out over a number of years. No single ratepayer will have to bear the burden of this project."

Paul Lehman
Assistant State Director

More than 1272 jobs were created or saved as a result of assistance from USDA Rural Development

\$93 million in program funding

- **Business & Industry Program**
\$87,298,446
- **Intermediary Relending Program**
\$500,000
- **Renewable Energy Grants**
\$448,271
- **Value Added Producer Grants**
\$4,204,102
- **Business Enterprise Grants**
\$1,255,276
- **Business Opportunity Grants**
\$149,000

At times, it seems like all the focus is on big business in big cities. For many rural small business owners, it is difficult to come up with the resources or the markets to compete with their urban counterparts.

Yet with USDA Rural Development's help, rural small business is finally getting the attention it deserves. In fact, small businesses are the number one employers in rural communities.

For this reason, ensuring economic progress in rural California has been a primary focus of the Business and Cooperative Program.

USDA Rural Development's Rural Business-Cooperative programs deliver a variety of assistance to rural businesses and communities. All of them work in financial partnership with local economic organizations — banks and lenders, economic development groups, local revolving loan funds, universities, cities, counties, tribes, and cooperatives.

Once again, California led the

nation in the business and industry guaranteed loan program with over \$87 million provided through 16 different banks and lenders, which created or saved 1272 jobs throughout the state. An example of one project was a \$7.1 million guarantee to the Woodset Partners, LLC to provide long term financing for the purchase and development of a 4.92 acre

"Butte Community Bank values the relationship with USDA Rural Development. With their assistance, we have been able to finance large economic development projects in rural Northern California."

Glenn Rilinger
VP Commercial Lending
Butte Community Bank

commercial property to be used as a Senior Care facility located in Madera, CA. This project created 52 new jobs for the area.

USDA-RD in California also led the nation in funding for the Value-Added Producer Grant Program with over \$4.2 million in funding. This program is designed to help independent agricultural producers enter into value-added activities. Value-added products are defined as a change in physical state or form of the product, or the production of a product in a manner that enhances its value. Value-Added projects in California



**#1 in Business & Industry
Guaranteed Loan Program**



**#1 in Value-Added Producer
Grant Program**

ranged from planning grants to for a feasibility study for marketing fig paste products, to working capital to launch a new sturgeon smoked product into domestic markets.

Rural Business Enterprise Grants are awarded to facilitate the development of small and emerging private businesses in rural areas. The grants are made to public bodies and non-profit corporations to provide technical assistance, establish revolving loan programs, or construct infrastructure improvements.

One example emerged from the recent outbreak of disease among the poultry industry in CA that alerted poultry industry groups that biosecurity prevention efforts are a necessity. The California Poultry Federation, using a \$75,000 grant from USDA-RD, provided an education program to small commercial poultry producers about threats and preventative measures against a wide variety of poultry diseases. The program exceeded expectations, reaching out to many smaller producers who would not have had the means of obtaining biosecurity training otherwise.

(Business-Cooperative Programs)



Audience listens intently to information being provided.

continued on next page)

Business Programs (continued)

Through the Rural Business Opportunity Grant program, USDA Rural Development lends money to public bodies, non-profit economic development corporations or Indian Tribes who then utilize the funds to assist small businesses in rural communities with population of less than 25,000.

One such project is the Rural California Action Network (Rural-CAN) which is a collaboration of several rural focused organizations formed to address a number of rural issues and underserved rural areas. The primary purpose of Rural-CAN is to improve coordination and cooperation between various federal, state and local level groups and organizations.

With a \$49,000 grant from USDA-RD, the project hopes to strengthen ties between local communities and governments by way of promoting



Rural-CAN accepts grant money from USDA-RD

strong local leadership and encouraging comprehensive solutions to rural development issues.

As part of the 2002 Farm Bill, the Renewable Energy Systems and Energy Efficiency Improvements program was created to assist farmers, ranchers, and rural small businesses develop renewable energy systems and make energy efficiency improvements to their operations. In California, three

grants totaling over \$400,000 were awarded for anaerobic digesters.

"We are thrilled that the USDA awarded funding to three of our local dairy businesses this year and we stand fully behind their effort to turn cow manure into energy. USDA funding program for anaerobic digesters is critical to SMUD's support of a Dairy Digester Program. With USDA's assistance, SMUD can help local businesses make profitable use of wastes while adding renewable electricity to our grid."

Ruth MacDougall

Sacramento Municipal Utility District

Faith-Based and Community Initiatives in California

"Government shouldn't discriminate against faith; government should welcome faith. The power of faith, whether it comes through the Christian church, through Judaism, or through Islam, can change people's lives for the better. And we must welcome that faith in our society."

President George W. Bush

One of President Bush's first official acts as President was to create the White House Office of Faith-Based and Community Initiatives. The Office was tasked at its inception with leading a "determined attack on need" by strengthening and expanding the role of faith-based and community organizations in

addressing the nation's social problems.

On December 12, 2002, President Bush established by executive order a center for faith-based and community initiatives at USDA (<http://www.usda.gov/fbci/index.html>). As part of its Faith-Based and Community Initiatives focus, the USDA ensures that faith-based and community organizations have equal access to USDA programs and benefits, and works in conjunction with the Department's many mission areas to reach out and educate faith-based and community organizations about USDA programs and benefits.

USDA is committed to helping groups and individuals learn about and access USDA programs that will enhance their capacity to serve their community.

In California USDA-RD is working with several faith-based organizations to strengthen and expand our commitment to this important initiative.



Venosdel attends faith-based conference in San Joaquin County

Multi-Family Housing Continues to Increase in California

\$37 Million in program funding

- Farm Labor Housing
\$20,895,760
- Rural Rental Housing
\$4,472,836
- Guaranteed Rural Rental Housing
\$10,225,000
- Housing Preservation
\$883,691

USDA-RD in California lead the nation by providing over \$20 million in loans and grants for the construction or rehabilitation of housing for domestic farm laborers. While funds are not allocated on a state-by-state basis, California utilized 35 percent of the total allocation nationwide.

The program is adaptable for

One camp that housed such migrant families was immortalized in John Steinbeck's novel, *The Grapes of Wrath*. Published in 1939, the novel told of the plight of Dust Bowl farmers who moved to California and found themselves living in Weedpatch Camp. While the camp, built in 1935, originally housed migrant families, it has continued to provide housing for migrant farm workers for seventy years - many of whom are now

Farm workers, often the most poorly housed people in the country, many live in tents, in shacks without running water, in dilapidated trailers, or in crowded, poorly built dormitories. Rural Development is the only national source of construction funds dedicated for farm labor housing.



Harvest Grove Apartments - Healdsburg

participation by a wide variety of owners. Loans and grants can be made to individuals, trusts, associations, partnerships, limited partnerships, State or local public agencies, consumer cooperatives, and profit or nonprofit corporations.

One project in particular is the Arvin Migrant Center - Sunset Camp. Generations of farm worker families have come to California in search of a better life.

Mexican-American.

In recent years the camp has deteriorated, consequently, Rural Development provided a \$1.5 million loan and a grant in the amount of \$1 million to assist in the replacement of the historic camp. The State of California also provided funding. After three years of renovation the camp was reopened in March 2004. The project allowed 88 new two, three



Playground equipment at Arvin Migrant Center - Sunset Camp



**#1 in Farm Labor Housing
Loan and Grant Program**



**#1 in Housing Preservation
Grant Program**



**#3 in Guaranteed Rural
Rental Housing Program**

and four bedroom duplex units to be built. In addition the center has a day care center, an office shop and a manager's unit.

The rural rental housing guarantee loan program provides for the development of multi-family housing facilities in rural areas of the United States. Loan guarantees are provided for the construction, acquisition, or

"I have completed several 538 guaranteed loans with USDA Rural Development and the experience has been very worthwhile. It is a very efficient program and Rural Development has supported it with staff that cannot be surpassed by anyone."

**Caleb Roope
Guaranteed Rural Housing
Builder in California**

rehabilitation of rural multi-family housing. During FY04 USDA-RD guaranteed loans for eight projects totaling over \$12.5 million in funding. USDA-RD was #3 in the nation.

The Housing Preservation Grant (HPG) program provided approximately \$1 million in grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing. The grants are made available in areas where there is a concentration of need. Those assisted must own very low- or low-income housing, either as homeowners, landlords, or members of a cooperative.

Red Ribbon Poster and Essay Contest

Children get tour of state capital for their efforts



Poster & Essay contestants pose for picture with Secretary Veneman

For the past six years, USDA Rural Development in California has sponsored a Crime and Drug Prevention Awareness Program Red Ribbon Campaign by organizing a poster and essay contest for youth ages 5 to 15, who reside in Rural Development financed multi-family housing projects. The campaign is designed to make children more aware of the dangers of crime and

drugs in their neighborhoods.

Again this year, as in the past, the contest was highly successful in encouraging children to think about the impact drug abuse and

crime can have on their friends, family, and their

future. Kids who participate in the contest realize the importance of a drug-free lifestyle while exercising their creativity.

The theme was "My Neighbors and Me! Together we can be Drug Free!" As part of the award recognition, all participants were invited to the State Capital to participate in the Homeownership Month event where they were given a special tour of the

capital and a t-shirt for their efforts. Children who won their respective age categories were presented with their awards on stage during the festivities. All children had an opportunity to have their picture taken with the Secretary of Agriculture on the West Steps of the State Capital.

"This contest reinforces the children's awareness of the dangers of drugs and crime in their housing complex. Even though the children are living in low-income housing, they are proud and always strive to be #1"

*Laura Vasquez
Property Manager
Almondwood Apartments
Winters, California*

Finding your Local USDA Rural Development Office in California

For further information, contact our staff at one of the 25 local offices throughout the State. You can also reach our state office staff in Davis at 530-792-5800 or visit our website at: www.rurdev.usda.gov/ca

Alturas	530-233-4615	Red Bluff	530-527-1013
Auburn	530-885-7081	Redding	530-226-2560
Bakersfield	661-336-0967	Salinas	831-757-5294
El Centro	760-352-4418	Santa Maria	805-928-9269
Elk Grove	916-714-1104	Santa Rosa	707-526-6797
Eureka	707-443-6714	Stockton	209-472-7127
Fresno	559-276-7494	Ukiah	707-462-2916
Hanford	559-584-9227	Victorville	760-843-6882
Indio	760-342-4624	Visalia	559-734-8732
Merced	209-723-0475	Willows	530-934-4614
Modesto	209-491-9320	Yreka	530-842-6123
Moreno Valley	951-656-6800	Yuba City	530-673-4347
Oroville	530-533-4401		